



BOND TELLER

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VAN ZECK NAMED PUBLIC DEBT COMMISSIONER

Van Zeck, a life-long career employee of the Department of Treasury's Bureau of Public Debt was appointed to head the Bureau on February 15, 1998.

He succeeds Richard L. Gregg, who became Commissioner of Treasury's Financial Management Service last December.

Zeck, a native of Morgantown, West Virginia, began his Federal service in Washington with the Bureau's Internal Audit Staff in 1971 right after graduation from West Virginia University.

Reflecting on his career, Zeck said that computers and electronic processing were not part of his college education or American life then as they are today. But he learned.

At the Bureau he held positions in data processing, marketable securities operations and administration.
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Treasurer of the United States Mary Ellen Withrow is shown with Tom Gelonski, President and CEO of National City Bank of Pennsylvania, during a Savings Bonds Campaign kick-off for the Greater Pittsburgh Area. Mr. Gelonski is serving his second year as volunteer chair for the Pittsburgh Geographic Area Savings Bond campaign.

THE WIZARD TURNS 2

If you and your customers have tried and liked the Savings Bonds Wizard, the new and convenient way for bond owners to keep track of their bond inventories on their home PCs, you are going to love the new

Wizard! Version 2.0 is coming soon to the Public Debt Web Site. Download it and try it out!

The new Wizard gives you much more information about your bonds. In addition to current value and interest earned, you can see the bonds' yield-to-date, next accrual date and final maturity date. This information will help bondowners make decisions about redeeming bonds. Color coding is used to highlight which bonds have reached final maturity and no longer earn interest and which matured bonds are eligible for exchange to HH bonds.

The new Wizard is easier to use. More inventory can be seen by enlarging the Wizard's window on the screen. Inventories also can be retrieved more easily. A list of the last five inventories used can be shown.
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HOME BANKING UPDATE: PEOPLE ARE BUYING BONDS FROM HOME

The last issue of the Bond Teller reported that bond sales through home banking systems was imminent. Now it is a reality. Bonds are now being sold through institutions' individually branded home banking systems across the country.

The first three institutions started selling bonds through their home banking systems in the last quarter of 1997. These pioneering financial institutions were: Community Credit Union in Plano, Texas, Dollar Bank in Pittsburgh, Pennsylvania, and First Technology Credit Union in Beaverton, Oregon.

In the first quarter of 1998, Beaumont Area Educators Federal Credit Union in Beaumont, Texas, and Britton & Koontz First National Bank in Natchez, Mississippi, also started selling savings bonds through home banking. Public Debt maintains an up-to-date list of banks and credit unions selling bonds through home banking on its web site (www.savingsbonds.gov/sav/savhblst.htm). Is your bank on the the list yet?

Many more banks and credit unions will soon begin selling bonds through home banking. The Bureau of Public Debt has already made contact with over 100 institutions interested in this innovative approach. It will simplify their bond processing work and provide customers with a highly desirable new service. Several have already started building their systems and will begin selling bonds in the next few months.

In addition to working directly with banks and credit unions, The Bureau of Public Debt also is working with software developers on this project. Many software companies provide banks with home banking software. Several of these companies are now working to add bond sales to their home banking software.

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SAVINGS BONDS RESOURCE GUIDE EASY-TO-USE; A REAL HELP TO BOND TELLERS

The "Savings Bonds Resource Guide" has been available to agents for over a year. It is designed to help tellers look up answers to customers' questions quickly and easily.

It also contains a wealth of information useful to agents processing bonds. It covers purchasing, reissuing (re-registering), exchanging, and redeeming savings bonds. There's also a chapter on EZ CLEAR that explains what to do with bonds after you redeem them.

Quick reference guides provide step-by-step, easy-to-use helps for savings bond redemptions, assisting customers with reissues, and handling exchanges of E/EE bonds and savings notes for Series H/HH bonds.

Also included are rules on acceptable identification for savings bond transactions—i.e., information on how agents can avoid losses due to paying savings bonds to the wrong person. In addition, situations that might occur less frequently are covered: bonds lost or stolen, getting errors corrected, offering bond-a-month plans, and gift bonds.

Have customers ever asked you about Federal income taxation of

savings bond interest, putting bonds in a trust, or what to do with bonds after the owners are dead? This information is in the Guide as well. Using the detailed instructions on filling out various forms, agents can be helpful to customers who want transactions that have to be approved and processed by a Federal Reserve Office.

Just for agents (not for the public), the Guide contains a list of toll-free telephone numbers of Federal Reserve and Treasury Offices that can help when the Guide doesn't provide the answer.

If you haven't seen the "Savings Bonds Resource Guide," check around to see if someone else at your institution has one. If not, contact the Federal Reserve Office that provides savings bond services to your region.

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Rate Information

Current interest rates on savings bonds can be obtained by calling the toll-free recording 1-800-4US-BOND (1-800-487-2663).

Change of Address

Editor: Please change the mailing address

From: (Recipient please affix old label here or provide the identification number printed above the address on the label.)

To: _____

Please change the number of copies I receive from _____ to _____.

_____ *I no longer wish to receive "The Bond Teller."*

ONLINE BOND SALES ARE COMING SOON

Coming soon . . . The Savings Bond Connection! Customers will be able to buy savings bonds through the Internet 24 hours a day, seven days a week from The Bureau of the Public Debt's web site. Customers simply fill out an online form, securely transmit order and payment information, and the bond arrives within two weeks.

Secure Electronic Transaction (SET) technology will be used so that customers may buy bonds directly from the Bureau of Public Debt using a credit card.

SET is a new technology that is expected to be the standard for secure Internet commerce using credit cards. SET allows us to know all parties in the transaction, so we know who's sending us information. Customers will know they're dealing with the Bureau of Public Debt (and not someone pretending to be the Bureau) and that payment information is going to an authorized location. ¶

WHAT'S NEW ON THE WEB SITE

Have you been to www.savingsbonds.gov lately? You may notice a few changes. Here's what you'll find:

—Areas identified for special reader interests: employees of financial institutions, investors, savings bond campaign leaders, and kids.

—The financial institution's area features an online version of the The Bond Teller or the latest on selling bonds through home banking. More will be added to the banks' area soon. Tell the Bureau of Public Debt what you would like to see. Would you like to receive an e-mail notification when the latest edition of The Bond Teller is available? E-mail suggestions to SavBonds@bpd.treas.gov.

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WIZARD

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The Wizard now protects against duplication of serial numbers in an inventory. The last inventory used can be automatically displayed when the Wizard starts up. Or, the Wizard can be opened showing an empty inventory or no inventory at all.

Two views of the total value of bonds are shown: the redemption total and the inventory total. The redemption total is the amount for which the bonds can be redeemed. The inventory total shows the "worth" of bonds in an inventory. For bonds not yet eligible for redemption the value is shown as the purchase price. This is a truer picture of the bond inventory's actual value.

Bond owners will be able to sort their bonds in a variety of ways: in ascending or descending order by serial number, denomination, or issue date.

Even with all these improvements the Wizard is just as simple to use as before. Just enter bond serial numbers and issue dates once for a record of bonds and their values. Update the Wizard every six months. It's easy and it's free!

The Internet address for the Wizard is: <http://www.publicdebt.treas.gov/sav/savwizar.htm>.

Those who don't have Internet access may purchase diskettes for \$17 by writing to: Superintendent of Documents, US Government Printing Office: Attn.: Electronic Products, P.O. Box 37082, Washington, DC 20013-70882. ¶

REDEMPTION TABLES ON NEW SCHEDULE

The issue schedule for Tables of Redemption Values has been changed. Current tables cover the six-month period from March 1998 through August 1998. Booklets from now on will cover six-month periods that begin each March and September.

DIRECT DEPOSIT JUST GOT EASIER

When customers come to deposit H/HH bond interest checks, tell them that the Bureau of Public Debt has provided a new, easy way to sign up for Direct Deposit.

Everyone benefits when government checks are directly deposited. The bank saves money, the H/HH bond owner receives payment with no delay and the government saves money.

That is why the government is trying to encourage payment recipients to sign up for direct deposit for their federal payments by January 1, 1999.

AND THE BEST NEWS IS, SIGNING UP IS EASY! To make the transition as easy as possible a new Public Debt Form 5396, (PD F 5396) has been developed. Current income savings bonds owners no longer have to go to a financial institution to fill out the SF 1199A.

The new form asks the signer for basic information—name, address, telephone number, and Social Security Number. The form also calls for account number, type of account, routing number, name of financial institution, and the telephone number of the institution.

If interest payments are going to be deposited in a checking account, the signer doesn't have to include this information on the form. Instead, he or she can provide account information and most of the information about the institution by sending a voided check with the form.

Best of all, HH/H bond owners can sign up at home and mail the paperwork directly to the address on the form: Bureau of the Public Debt, Parkersburg, WV 26106-2186.

Direct deposit sign up forms, PD F 5396, as well as other savings bond forms can be obtained from the Federal Reserve Office that services your institution with savings bond services. The new form also will be available on the Internet. ¶

TAX LAW ON BOND EDUCATION EXCLUSIONS CHANGED

“The Taxpayer Relief Act of 1997” enacted August 5, 1997, added contributions to qualified State tuition programs to the definition of qualified higher education expenses contained in the education savings bond statute which took effect for savings bonds issued after December 31, 1989.

This means that the taxpayer may redeem savings bonds, pay the proceeds into a qualified State tuition program, and exclude the interest earned from adjusted gross income, if he meets the existing requirements of the education savings bond statute.

Participation in the qualified State tuition program is treated in the same manner as payment to a qualified higher education institution.

The change takes effect for taxable years beginning after Dec. 31, 1997, which means that the first redemption to fund a State tuition plan could be done for tax year 1998.

A qualified State tuition program is defined as one established and maintained by a State under which a person may purchase tuition credits on behalf of a designated beneficiary or make payments to an account established to meet the qualified higher education expenses of the beneficiary.

IRS has not issued any guidance on the new provisions.

Customers should be advised to consult their tax advisor or the IRS before redeeming their bonds for this purpose. ¶

WEB SITE

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—Downloadable forms: many of our most popular forms can now be downloaded without having to wait for forms to arrive in the mail!

—Spanish-language information on bonds. ¶

VAN ZECK

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Mr. Zeck headed the Bureau team that implemented TREASURY DIRECT, an automated online book entry securities system for T-bills, notes and bonds that allowed the Department of Treasury to eliminate paper securities. He was Assistant Commissioner (Financing) from 1982 and was named Deputy Commissioner in 1987.

As Deputy Commissioner he has been involved in the Bureau's work to modernize the processing of savings bonds. Many of these changes banks and other financial institutions have already seen. Many more are just getting started.

As Commissioner, he sees savings bonds as an “exciting marketing and sales challenge. We must do everything we can to have more and more people purchase savings bonds.”

The challenge, he says “is to keep the information fresh, to spread the word to make sure investors know the value of the product as part of an investment portfolio.” As an example he cited the May 1997 change in bond interest calculation and accrual schedules. “A lot of people don't know about savings bonds,” he said.

A primary challenge, he said, “is to continue our efforts to improve services for the savings bonds purchaser.”

One improvement he mentioned is the Savings Bond Wizard, a windows based computer product that he calls “amazingly effective.” See story on page 1 about version 2.0 soon to be available.

Other improvements he cited were home banking, where banks are including savings bonds in their own electronic offerings for customers; online sales that will allow people to buy bonds directly from the Treasury through a secure system. Currently under development is an EasySaver



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program, a “do-it-yourself” payroll program through which savers can set their own schedule for deductions for bond purchases directly from Treasury through a Federal Reserve Bank.

“This really does mark new beginnings in how savings bonds and other financial products will be marketed,” Zeck said.

“I believe the pace of investor acceptance will be very rapid... perhaps far more rapid than others believe.”

“The inflation-indexed savings bond already announced by Treasury will be our target for the next few months,” he said. “This new product will give investors a new choice in bonds offered along side the traditional Series EE Savings Bonds.”

“We will provide financial institutions with information on the new bond as soon as possible,” he said.

“And, it is very important that the audience of The Bond Teller knows that we value the support and contributions of the thousands of workers in financial institutions on behalf of the savings bond program.”

“It is a valuable service, an absolutely integral part of savings bonds' success. We need that service and it is very much appreciated by the Treasury and the Bureau of Public Debt.” ¶

HOME BANKING

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To find out more about bonds and home banking, check out the home banking web site (www.savingsbonds.gov/sav/savhb.htm), e-mail the home banking team (homebank@bpd.treas.gov), or call 304-480-3600.

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